

Testimony of John A. Elsesser
Town Manager, Town of Coventry
Before the Finance Committee
of the Connecticut General Assembly
March 15, 2010

Good morning Senator Daily, Representative Staples and members of the Committee. My name is John A. Elsesser, Town Manager, and I'm the Town Manager of the Town of Coventry and a member of the Connecticut Council of Small Towns. I'm testifying today on behalf of COST in **support of SB-434, An Act Concerning the Real Estate Conveyance Tax.**

The Town of Coventry like so many other towns in the State of Connecticut experienced rapidly rising costs, driven largely by the escalation of K-12 education expenses. These increases – with no commensurate increase in state aid – have put a serious burden on our residents and businesses in the form of the increased property tax. Making the increase in the municipal portion of the conveyance tax permanent will not resolve this problem, but is a significant revenue source for cities and towns across the state. And, it doesn't cost the State of Connecticut a dime!

The state already collects and has collected for many years, one-half of one percent (0.50%) on most real estate transactions. Even though the transaction is strictly a municipal transaction, the towns and cities are only getting 0.11% and recently 0.25%. This increase which is still only half of what the State of Connecticut receives has been a significant revenue source over the past few years. For instance the Town of Coventry received a total benefit of \$99,500 during the 2008-2009 fiscal year and is on pace for a similar amount this year. This is equal to the expense of one full time teacher with benefits.

I don't know of a single real estate sale that has been lost due to the conveyance tax. It is a small help to municipalities in these difficult times. To allow this provision to sunset will hurt cities and towns severely and will be regarded as a cut in aid. Please act favorably on SB-434 that will assist Connecticut's municipalities and Connecticut's property taxpayers. I know that much has been said of the promise that this was supposed to be a temporary fee. While honoring one's word is a very important value I also want to remind Committee members of a pledge to fund at least 40% of constitutionally required education expenses. I believe in the hierarchy of pledges providing funds for core services rises to a higher level than reducing a fee.

I would like to thank the Committee again on behalf of COST's members for raising this bill and urge that you give it a favorable vote.